

ARE YOU LOCAL? IS THE GENERAL POWER OF COMPETENCE HELPING GRASSROOTS COMMUNITIES?

Abstract: *The Localism Act gives councils a 'General Power of Competence' (GPOC) allowing them the same legal powers as private individuals. But are they using these freedoms in ways that benefit grassroots localities? Or are non-locals cashing in? Localism Watch investigates.*

The GPOC for Dummies

Part 1 of the Localism Act 2011 gives councils in England a General Power of Competence – GPOC for short. In theory, the GPOC allows them the same legal powers as private individuals. The government argues that councils have previously resisted innovation for fear of legal challenge. In its [Plain English Guide to the Localism Act](#), it says that the legislation has turned this old assumption upside down. It has given councils and certain other public bodies “more freedom to work together with others in new ways to drive down costs” and “increased confidence to do creative, innovative things to meet local people’s needs.”

So far, so good. But placed in the wider context, central government effectively determines what activities fall within the GPOC, and how public bodies should exercise their new freedoms and flexibilities. And, as we’ve seen in previous Localism Watch pieces, strategic matters like energy, waste, and transport infrastructure are covered by separate legislation, where the Secretary of State can decide almost by decree, without reference to local people.

Doing things differently entails set-up costs, with no guarantee of better or cheaper outcomes. Council rate-capping is technically a thing of the past. But Communities Secretary Eric Pickles obliges authorities to hold a referendum if they want to increase council tax levels by more than 2% above the previous year. As Brighton and Hove’s Green-led authority [discovered](#), the cost of holding a referendum is likely to cancel out any increased income. Optional measures, like business rate relief and funding support to community bodies aren’t illegal, but must be met by ‘top-slicing’ the budget.

Then there’s the rogue elephant in the room: austerity. Three-quarters of local authority money comes from central government. Due to annual cuts, English councils’ allocations are now less than 80% of pre-Coalition levels. On 18 December last year, local government minister Kris Hopkins announced that these would be further [trimmed by an average of 1.8%](#), with no council losing more than 6.4%. But for one thing, the [map of the cuts](#) doesn’t match up with proven local needs. For another, council representatives argue that the average reduction is closer to 8.8%. The [National Audit Office](#) has accused the government of failing to assess the likely impact on communities already experiencing financial stress

So it would seem that, despite the rhetoric, the GPOC is really a way for the government to do three inter-related things: concentrate more strategic powers in the centre; offload responsibility - and blame - to public bodies for delivering ‘face-to-face’ services; and widen opportunities for private – not necessarily local - firms to acquire public services and assets. At Localism Watch, we’ve shown how these factors underscore other measures brought in as part of the Coalition’s localism package, such as [combined authorities](#), [elected mayors](#), [community rights](#) and [neighbourhood planning](#).

How, then, are English councils translating the freedoms and flexibilities offered by Localism Act's GPOC into innovative ways of delivering public services? (An increasingly-used term for this process is "strategic transformation".) We've done an online trawl of recent government announcements, council websites, local newspapers, blogs, and the national media to get a picture of the kinds of services that are, or will shortly be, run differently. What's the official rationale being offered, what's been the reaction, and what are the likely medium to long-term implications?

Sharing – but who's caring?

One approach is for councils to pool staff and other resources. This activity long predates the Localism Act. According to the [Local Government Association](#) (LGA), at least 95% of councils in England share services with others, through a total of 383 service arrangements. The LGA says that these deliver £357 million worth of efficiency savings.

Previously, we've shown how George Osborne has pressured councils, particularly in England's large conurbations, to form 'combined authorities' with elected mayors. What we're talking about here, though, are relationships that until recently have been service-specific and built around local characteristics. But austerity and the cuts are engineering responses that owe more to financial expediency than local sustainability. Neighbouring councils, whilst geographically close, may well be far apart when it comes to their political alignment or community identities.

Norfolk, Suffolk and Essex county councils are working to expand the services they already share. Last November, Suffolk council leader Mark Bee announced a draft £42m [package of cuts](#) to its 2015-16 budget: the county was also liaising with health bodies and the police to avoid duplicating services. He said: "This is not a short-term austerity programme. We cannot deal with this through salami-slicing. We have to make structural changes." However, opposition leader Sandy Martin said they were too severe, citing proposed cuts of £200,000 to the voluntary sector – half on charities providing care services and the rest on cultural grants. He added: "I don't think the large care providers will be hit, but it could really affect some smaller groups who provide relatively simple services like visiting people and collecting their shopping."

Other councils are downplaying suggestions that "strategic transformation" carries risks. A recent edition of *Law Gazette* highlights [partnerships](#) created to deliver legal and other 'back office' services across local authority boundaries. One involves Buckinghamshire County Council and the Buckinghamshire & Milton Keynes Fire Authority. Another is a shared legal service between West Oxfordshire and Cotswold District Councils, which will extend to Forest of Dean District Council and Cheltenham Borough Council later in 2015.

In Greater Manchester, Trafford MBC is poised to outsource a range of services in a bid to reduce future outgoings by up to 20%. This is the most radical service transformation in the conurbation so far. The [Manchester Evening News](#) reports that potential bidders include Keir, Amey, Balfour Beatty and Veolia. Veolia, a French-based company which, according to its [website](#) 'leads the circular economy', already manages Trafford's waste services. It employs over 340,000 staff in 48 countries, including the 'illegal' West Bank settlements – something that has prompted [international calls for boycotts](#).

Increasingly, these partnerships involve the disposal of public assets. Last December, Staffordshire's County Council and Police and Crime Commissioner signed a [joint long-term deal](#) with Bedfordshire-based construction and property services oligopoly Keir to act as their 'preferred bidder' for marketing 'under-used' land and buildings in their ownership. 586 properties worth £300 million are 'currently in scope' for disposal. Keir's [website](#) highlights their 'extensive experience in the custodial sector', working with the Ministry of Justice. Clearly, it's a captive market.

Newcastle City Council has taken the more direct step of auctioning land, industrial units, houses, car parks and offices, hoping to secure £7m to offset next year's cuts. Lib Dem councillor Greg Stone commented: "The sales will potentially swell the financial reserves for the council but what are they going to spend the money on? I'm not opposed to (the sale), providing they dispose of it in sites that lead to redevelopment and job creation." www.chroniclive.co.uk/news/north-east-news/newcastle-city-council-could-make-8299640

Contracted - or con-tricked?

Another money-saving innovation is to re-negotiate staff contracts. In Plymouth, this has turned sour. Just before Christmas, the council failed to secure the voluntary acceptance of over half its 330 customer services staff on [new working conditions](#). These require staff to work flexible hours, including Saturdays, on identical rates of pay. The council now wants to fire and then rehire them on new contracts, a move that has prompted Unite to ballot its members on industrial action.

"There is no question that the right thing is to move the council to the same standard working practices that are widespread elsewhere," said deputy council leader Peter Smith. "What was acceptable 20 years ago is not acceptable now and people expect more flexible opening. Union representatives seem to have lost sight of what the council is here to do, which is to serve the people of Plymouth."

Unite's branch secretary Diana Beal said that she'd taken part in negotiations with the council for over 20 years and this was the first time that a compromise hadn't been reached. She claimed that it was management, not the unions, who had "walked away from the table". Tony Dowling, of the GMB, accused Plymouth of taking employment rights "back to the Thatcher-era". He added: "It's appalling that a Labour controlled authority is planning an attack on its workers' rights so close to Christmas and in an election year, on such flimsy rationale"

Re-education, re-education, re-education

Despite radical changes in the labour market, and [proven skills shortages](#) across many economic sectors, adult education funding lies in the frontline of cuts and privatisation. Despite considerable local opposition, LB Merton has announced plans to close its 5,000-student adult education centre and [outsource](#) the service to a third party through 'a commissioning model'. Consultations are underway to identify how this should proceed.

Cheshire West and Chester (CWAC), whose track record in 'lean and efficient' spending has been hailed in the Tory Bow Group's [2014 manifesto](#), has launched a '[schools traded company](#)'. This is being run in partnership with neighbouring Wirral Council, offering a comprehensive range of services to 300 education establishments across the two areas. It will be both a direct provider and

prime contractor of services. CWAC says it will deliver “higher quality, more innovative, tailor-made services for schools whilst benefiting the local economy with the creation of a thriving local business, generating employment.”

In Norfolk – as elsewhere – rural schools are threatened with closure. A recent [report](#) to its education committee calls for individual schools to have a minimum of 105 pupils. 127 of the county’s primary schools have an enrolment below that level. But committee chair James Joyce, when asked if he thought those schools would be closed, said: “I don’t think so.” Vice-chair Richard Bearman said: “I don’t see any reason why a site can’t function with fewer than [105 pupils]: perhaps if it was part of a multi-primary group with a common management structure.” Norfolk’s Rural Community Council had earlier asked for the schools strategy to be “rural proofed”.

Residential care

Another service where closures are synonymous with transformation is residential care. Given the sensitive factors involved, decisions are often deferred until the last moment. The future of six of Surrey’s council-owned care homes is currently under [review](#). The authority is exploring four options - leaving things as they are, redeveloping the existing homes, selling or leasing them to another provider or closing the services entirely. But councillors remain divided on which is best, with some querying the accuracy of the costs for each option. A final decision will be made early this year.

Birmingham City Council, whose troubled children’s services and finances recently led Eric Pickles to impose a final written warning, is to [transfer its five remaining children’s homes](#) to an as-yet unidentified outside operator. Specialist homes for disabled children will, however, stay in-house. In 2013, two other council-run homes were closed following Ofsted inspections. Overall there have been 19 closures, mainly for financial reasons, since 2008. Children’s services cabinet member Brigid Jones said that all 107 staff would be transferred: “We want to ensure the quality of these homes. In the past the council has tried to be the jack of all trades and has ended up the master of none.”

But a spokesman for Unison and the GMB disagrees. “The erosion of our children's homes . . . has led to the vast increase in private homes that provide care for profit,” he said. “Young people in our care, who at one time were supported through independent living programmes, are now experiencing private care homes which only provide a bed and spending money and sadly little else, regardless of their Ofsted rating.” Attempts at shifting to foster care had faltered because it was unsuitable for many clients – particularly those with behavioural, drug and sexual exploitation issues.

Youth services – who cares?

From the picture we’ve been building up, it’s clear that short-term considerations rather than long-term community cohesion predominate when councils embark on ‘strategic transformation’. Youth services are especially vulnerable. Most young people aren’t of voting age, and those in their late teens who are, form the age cohort least likely to vote.

Last November, Weymouth, Portland and North Dorset merged their services under a single workforce. They hope to extend this partnership to Bournemouth and Poole, in delivering a [unified](#)

[youth offending service](#) from April 2015. The sum saved, however, appears small – in the region of £50,000. But Weymouth cabinet member for children and families, Rebecca Knox, defended the move, saying: “Any money in the youth service is important - £50,000 is a considerable sum considering what we have to address - every penny counts.”

Staffordshire Council [formally ended 75 years of youth service provision](#) on 31 December 2014, shedding 180 staff and closing youth clubs that together supported 1,800 young people. In the preceding months, Staffordshire encouraged communities to replace paid staff with volunteers, but with uneven success. A few youth centres have been transferred to other organisations, while those premises still in council ownership will no longer be used for youth purposes. A local Unison representative commented that the “really tragic thing” was that those made redundant were part-time workers who wished to give something back to the community and put in more time than they were paid for. But Staffordshire cabinet member Mark Sutton said: “Three-quarters of young people weren’t using the existing out-of-school leisure activities. They’re already doing a vast amount through sports clubs, voluntary groups, and uniformed organisations. There’s a range of funding available to support community activities.”

Who’s really cleaning up with the GPoC?

Cleansing services are ripe for outsourcing, as they offer clearer profit margins for private contractors. Here too, austerity and the GPoC are accelerating the privatisation drive. LB Barnet is a national forerunner in outsourcing partnerships, the [consequences](#) of which have rarely been happy for the public purse or local service quality. This has not stopped the council from seeking to [outsource its cleansing services](#) to save money. Labour councillor Alan Scheiderman said: “The current model is successful. The (ruling Tory group) won’t consider the in-house options as a viable option alongside outsourcing. It’s all been done on the back of a fag packet, and councillors need to know what they are being asked to agree. At the moment we don’t.” The proposals are currently under consultation, with the final decision early this year. However, Barnet’s recent history suggests that where outsourcing’s concerned, consultations play a purely ceremonial role.

Birmingham’s failing children’s services, plus its £3.1 bn debt burden, has led the District Auditor to [recommend](#) offloading more functions, notably cleansing. However, Birmingham’s outsourcing performance, particularly its relationship with Capita, is a prime contributor to its malaise. Councillors from all parties are therefore reluctant to outsource further. But the Auditor has reminded them that service delivery is the council’s legal responsibility, and that they must identify the most sustainable funding mechanisms. The impending [sale of major council assets](#), including the iconic NEC, is considered unlikely to solve this problem.

A novel take on library shelving

Another ‘localist’ innovation that sees a public service effectively revert to 19th century governance arrangements is outsourcing library services to volunteers. Since the digital revolution began, councils have spent less on libraries, but the cuts have accelerated the pace of consolidation and closure. The web is awash with news of library restructuring across the country: here’s a representative cross-section.

Leicestershire's cabinet member for libraries has [justified](#) its decision to cut services and outsource some branches to volunteers, saying: "We can't cut books or computers. We have to cut the people." Kent wants to [transfer its libraries to a charitable trust](#), because such a body will be exempt from business rates. This is also being considered in Lincolnshire, after a [successful legal challenge](#) to the council's original proposals to transfer some libraries to community groups. There's a different approach in [Peterborough](#), where opening hours will be reduced and more self-service technology introduced. In Torbay and Devon, where volunteers already run most of the libraries, [plans to merge](#) the two authorities' management structures have been shelved until 2017, as no cost savings were apparent.

Sunderland City Council has [hailed the controversial closure](#) of 9 of its 20 libraries in 2013 as a success. An internal report shows that the number of books issued rose from 673,568 in 2013 to 689,683 in 2014. Community activities in libraries, including 'rhyme times' and 'knit and natter groups', have more than doubled. Since 2013, readers can now borrow books from four times as many locations, including supermarkets, pubs and schools. However, local library campaigner Gary Duncan said: "The council are contradicting their original nonsense. Their argument was that people aren't using libraries anyway so they won't mind if they lose them. This is proof that people do want libraries and just need a bit of encouragement. There may be more places with books, but the public have no say in how they are run. They are at the mercy of a free market."

The art of mutualising

A similar picture is emerging with arts and leisure services. [Dorset](#) County Council is outsourcing its service to an employee-owned community interest company, with 'support by the government's Cabinet Office Mutualisation Programme'. And CWAC's leisure contract has gone to [its own subsidiary, Brio](#). Cabinet member Stuart Parker cited what he saw as Brio's high performance and satisfaction ratings, but opposition members argued that the assessment criteria were not rigorous enough and that it was anomalous for a council subsidiary to have no elected members on its board.

Hull City Council is [preparing to hand over its leisure services](#) to an arms'-length subsidiary. It hopes to save over £1m by transferring 800 staff to the new undertaking, which can access tax breaks not available to councils. Unlike Brio, it will be managed by an elected member board. Councillor Abi Bell said, however: "The concern for me is less about the financial saving, and more about improving the assets and the services. It does not explain how the new company is going to be more competitive in what is already a crowded market."

Public parks and gardens are harder to re-position within the landscape of 'strategic transformation'. For one thing, their maintenance costs cannot easily be recouped through revenue. For another, they may be subject to covenants requiring the land to be held in trust for the benefit of local people. Proposals to transfer part of [Staffordshire's 6,000 acre country estate](#) to private companies and voluntary groups are being delayed, pending resolution of such issues. Meanwhile, Sefton Council's move to downgrade Southport's Botanic Gardens, as part of its £55m budget cuts, is being resisted by a ["people's uprising"](#), led by the area's MP John Pugh.

The road from A to B by ASDV

Another term to add to your localism phrasebook is 'alternative service delivery vehicle' (ASDV). [Cheshire East has just set up one](#), appropriately, to run its public, home-to-school and social care transport services. Not wishing to let public understanding impede the path of bureauspeak, the council explains that the ASDV will not only "fulfil Cheshire East's contractual and statutory responsibilities but will also introduce greater freedom to develop new business through a more entrepreneurial approach." They're building up an impressive fleet of ASDVs in East Cheshire, as this is the seventh in the series. Council Leader Michael Jones, said: "ASDVs boost enterprise, innovation and value for money. They enable us to improve services and put residents first. They are part of the ongoing revolution in the way we deliver our services." His words, not ours.

As most readers will know from personal experience, potholes are making our already bumpy ride that bit bumpier. The government has earmarked £168m to address this through a '[pothole challenge' fund](#), requiring councils to pledge themselves to new and better repair methods. This has given localism a whole new slant. Devon has a road repair backlog worth £758m. It's also the English county council that [paid the highest sums of compensation](#) for pothole insurance claims in 2013. Devon says that it will only repair holes that are [more than 40mm deep and greater than 300mm in any horizontal direction](#). This ruling has prompted discussions over 'when is a pothole not a pothole.'

A retired builder, Reg Winsor, took matters into his own hands by [personally filling in a pothole](#) in Newton Abbot that the council had failed to repair. He has since assembled an army of 'pothole vigilantes'. Duly impressed, Devon has offered 'Reg's Army' all the tarmac they need to carry out repairs. The county will also train volunteers to undertake work ranging from weed clearance and sign cleaning to grass and hedge cutting, plus small pothole and surface defect repairs. Mr Winsor sees no difficulty in doing what Devon is paid to do via council taxes: "There is no money to do it, so what we are meant to do, sit on our backsides and do nothing? We are British and most of us Brits want to do something about it."

In the West Midlands, Walsall MBC and its 'highways partner' Lafarge Tarmac are looking for a band of unpaid '[snow champions](#)' to keep the borough's roads clear in winter. They're offering 250 volunteers and 50 community groups free shovels, salt bags, salt bins and luminous tabards. Applicants need to be 'physically fit' to clear snow and ice off paths and footways and be willing to brave freezing conditions. But there's no mention of how their fitness will be assessed, or insurance arrangements for what is unquestionably a hazardous activity.

The only way is Burnley?

What could happen if cash-strapped councils in disadvantaged areas are forced to take the Localism Act's GPoC to the limit? Let's have a look at Burnley. The local authority needs to trim £3m from its budget by 2016-17 and is progressing outsourcing as part of its Change Programme. Over a third of Burnley's staff could be privatised under deal that may eventually be worth £118m. Last November, it advertised a 10-year £37million contract in the European Journal to outsource several functions, to achieve savings of 15%. 125 staff in customer services, environmental health, licensing, payroll, IT, revenues, benefits and property management are affected.

Neighbouring Pendle and Rossendale councils have signed up as potential partners. 200 staff across both boroughs may transfer. It is understood that the deal could have been wider, but for a last-minute decision to keep other functions in-house. Burnley Council said the primary purpose was “to deliver savings to contribute to future financial pressures”. Local unions, however, hope that the changes will at least be diluted if Labour wins May’s General Election.

Many local services across East Lancashire are [already handled by external contractors](#). Burnley’s waste and refuse is collected and processed by Veolia. Pendle currently has an outsourcing agreement with Liberata. Currently, Rossendale outsources council tax, housing benefits and customer services. Their partnership with Capita – whose ‘preferential client’ relationships with Barnet and Birmingham have proved troublesome - ends in 2016. Rossendale has also sought joint arrangements with Hyndburn on pest control, emergency planning, waste recycling and transport management.

Earlier in our series, we asked ‘how local is localism?’ and ventured to suggest ‘not very much, and it’s getting less and less with time’. Hopefully, this whirlwind tour of different responses to the GPoC has put some meat on the bones of this hypothesis. New approaches to delivering local services, whether or not they are prompted by a desire to privatise, cut costs or both, all seem to have a common thread. Key management decisions are increasingly being made by people and organisations whose individual and corporate interests – geographically and ideologically - are far removed from grassroots localities. The main beneficiaries of those decisions are certainly not local. We need only contrast councils facing bankruptcy, voluntary services at breaking point and the shutdown of community facilities with the ever-growing fortunes of offshore investors in outsourced ‘strategic partners’.

Then there’s the language used to explain how the GPoC’s panning out. As we’ve seen from a burgeoning glossary that encompasses ASDVs and the circular economy, it’s become so distant from the everyday that it reeks of obscurantism: deliberately preventing the facts or full details from becoming known. More than that, it patronises localism’s core beneficiaries by bestowing absurd titles on them while at the same time demanding that they undertake unattractive and often hazardous tasks for no pay, and often at their own expense.

Is it really localism’s ultimate aim to make snow champions and pothole vigilantes of us all?

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